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~~CONFIDENTIAL~~

Approved For Release 2003/08/05 : CIA-RDP78B04747A002200030023-0

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Reference:

Subject:

Request for Overrun Funding on Project 635

Gentlemen:

Due to recent higher than anticipated expenditures on engineering and fabrication, it now appears that the estimated cost to complete exceeds the target cost. This impending overrun condition is primarily due to technical problems which have arisen during the completion phase of the basic instrument and not in any unanticipated difficulties encountered in executing the contract change recently authorized.

The delay in recognition of this condition we attribute to the following factors.

1. There was a greater than anticipated expenditure of engineering and shop hours during the latter part of January and the month of February in design changes in the elevating table and the high intensity tracking light sources. It is expected that considerable effort is still required to perfect these light sources. The motorized elevating table has been debugged and tested to our satisfaction.

2. Recent analysis of our overhead and G & A rates indicates previous estimates to complete were understated. A more realistic estimate of allowable rates shows that additional funds will be required in this area.

This anticipated additional funding amounts to [] A cost estimate sheet is attached.

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DECLASS REVIEW by NIMA/DOD

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GROUP 1
EXCLUDED FROM AUTOMATIC
DOWNGRADING AND
DECLASSIFICATION

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3 March 1967

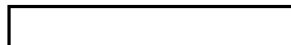
At our present rate of expenditure, the target cost expenditure point will be reached by no later than 15 March 1967. We request that verbal authorization to exceed the target cost be given before this date so that the development effort will not be interrupted and we can deliver the unit in accordance with the delivery schedule given to you in our letter of 24 February 1967.

Should you desire any additional information, please do not hesitate to contact me.

Very truly yours,



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Executive Vice President

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LHB/aw
Enc.

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